

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: January 23, 2008
Executive Summary
Request for Initial Resolution

Prepared by: *Doreen Carle*

Applicant: Ecology Auto Parts, Inc. and/or its Affiliates	Amount Requested: \$26,245,000
Project Los Angeles, Riverside and San Bernardino Counties	Application No.: 00808
Location: Bernardino Counties	Initial Resolution No.: 08-02

Type of Business: Ecology Auto Parts (the “Company”) transports waste from transfer stations to landfills in Los Angeles, San Bernardino, and Riverside Counties. The Company’s clients include, but are not limited to, Waste Management, Allied Waste, Republic Waste, and The Burrtec Group.

Project Description: The Company intends to replace a large portion of its fleet of tractors and trailers with new CARB-compliant vehicles. The vehicles may be parked from time to time at any of the locations listed in Attachment B.

Pollution Control and/or Waste Diversion: The Company represents that the Project will generate the following pollution control benefits.

Waste Diversion. The Company made no verifiable waste diversion representations. However, the Company represents that the project will provide environmental control benefits as outlined below.

Environmental Benefits: The Company represents that the Project is designed to generate the environmental benefits described below.

Air Quality. The new CARB-compliant tractors will result in a reduction in the emission of particulate matter when contrasted with the diesel vehicles currently in use.

Energy Efficiency. The new vehicles will be more fuel efficient thereby reducing the use of fossil fuel.

Permits: This is an equipment only project and does not require permits.

Financing Details: The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit that is rated at least “A+/F1” by Fitch Ratings or equivalent. The target date for financing is June 2008.

Financing Team:

- Underwriter:** Westhoff, Cone & Holmstedt
- Bond Counsel:** Orrick Herrington & Sutcliffe
- Financial Advisor:** Andrew S. Rose
- Issuer’s Counsel:** Office of the Attorney General

Agenda Item – 4.A.2.

Legal Questionnaire: Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Staff Recommendation: Staff recommends approval of Initial Resolution No. 08-02 for Ecology Auto Parts, Inc. and/or its Affiliates for an amount not to exceed \$26,245,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

**ECOLOGY AUTO PARTS, INC.
AND/OR ITS AFFILIATES**

Bond Amount: \$26,245,000

Counties of Los Angeles, San Bernardino,
and Riverside

Application No. 00808

January 23, 2008

STAFF SUMMARY – CPCFA

Prepared by: *Doreen Carle*

ISSUE:

Ecology Auto Parts and/or its Affiliates (the “Company”) requests approval of Initial Resolution number 08-02 for an amount not to exceed \$26,245,000 to finance the purchase of equipment.

CDLAC Allocation. The Company anticipates applying for CDLAC allocation in Spring 2008.

BORROWER:

Ecology Auto Parts was incorporated in Los Angeles County on June 7, 1966 as a Landfill.

The stockholders of the Company are listed below.

Charles Siroonian	32.00%
Charles PrattyII.....	13.34%
Louis Pratty	17.33%
Carolyn Pratty.....	17.33%
Aaron Siroonian.....	10.00%
Jamie Siroonian	<u>10.00%</u>
Total:.....	100.00%

Ecology Auto Parts operates under the several subsidiaries, including Ecology Auto Parts, Inc.; Marquardt Land Co.; Mirage Group; Rialto Properties; Fogg Street LLC; Eubank Ave. LLC; 90th Street LLC; Alden Road LLC; M Street LLC; G Avenue LLC; Trails-End RV Storage LLC; Energy Way LLC; 850 Energy Way LLC; Etiwanda Ave. LLC; End of the Road LLC; Vine Street LLC; Superior Lime & Chemical Company; State Sand & Gravel Company Inc.; Highway 72 LLC; South State Towing; Mandel Security Co.; American National Recycling, LLC. Additionally, Norwalk Industries is a Limited Partnership with the Company since July of 2002.

The breakdown of ownership percentages for each subsidiary is outlined on Attachment A.

Legal Questionnaire. Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. None.

PROJECT INFORMATION:

The Company intends to replace a large portion of its fleet of tractors and trailers with new CARB-compliant vehicles. The vehicles may be parked from time to time at any of the locations listed in Attachment B.

The anticipated Project and issuance costs are listed below:

200 tractors	\$22,400,000
50 trailers	3,250,000
Bond Issuance Expenses.....	<u>595,000</u>
Total:.....	<u>\$26,245,000</u>

POLLUTION CONTROL AND/OR WASTE DIVERSION:

The Company represents that the Project will generate the following pollution control benefits:

Waste Diversion. The Company made no verifiable waste diversion representations. However, the Company represents that the project will provide environmental control benefits as outlined below.

ENVIRONMENTAL BENEFITS:

The Company represents that the Project is designed to generate the environmental benefits described below.

Air Quality. The new CARB-compliant tractors will result in a reduction in the emission of particulate matter when contrasted with the diesel vehicles currently in use.

Energy Efficiency. The new vehicles will be more fuel efficient, thereby reducing the use of fossil fuel.

PERMITTING & ENVIRONMENTAL APPROVALS:

This is an equipment only project and does not require permits.

ANTICIPATED TIMELINE:

The Company anticipates commencing the equipment purchases in March 2008 with a scheduled completion date of March 2009.

FINANCING DETAILS:

The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit that is rated at least “A+/F1” by Fitch Ratings or equivalent. The target date for financing is June 2008.

FINANCING TEAM:

- Underwriter:** Westhoff, Cone & Holmstedt
- Bond Counsel:** Orrick Herrington & Sutcliffe
- Financial Advisor:** Andrew S. Rose
- Issuer’s Counsel:** Office of the Attorney General

RECOMMENDATION:

Staff recommends approval of Initial Resolution No. 08-02 for an amount not to exceed \$26,245,000 for Ecology Auto Parts, Inc. and/or its Affiliates.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

Initial Resolution No. 08-02
Application No. 808 (SB)

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
ECOLOGY AUTO PARTS, INC. AND/OR ITS AFFILIATES**

January 23, 2008

WHEREAS, the California Pollution Control Financing Authority ("Authority"), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act ("Act") to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, Ecology Auto Parts, Inc., a California corporation (the "Applicant"), and/or its affiliates (collectively, the "Company") has submitted an application (the "Application") requesting that the Authority assist in financing the acquisition of solid waste transport trucks and trailers, as more fully described in the Application (collectively, the "Project") to be owned and operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit "A" attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal facilities and equipment which will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Project be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Project; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$25,245,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Project; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant means any person or entity which controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise. An Affiliate shall also be a "participating party" as defined in the Act.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$25,245,000 principal amount of bonds of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the bonds.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Project. Each bond shall contain a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond."

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the bond proceeds to finance the Project; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to meeting all other requirements of the Authority.

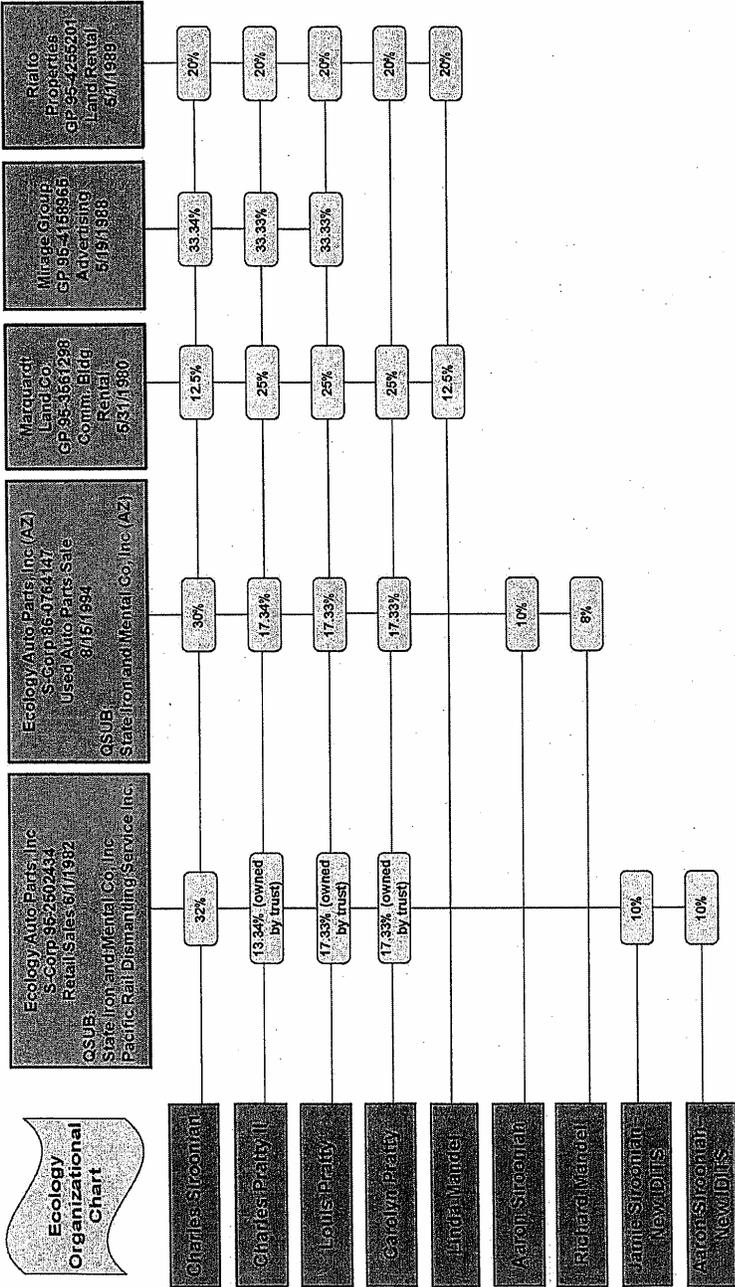
Section 6. It is intended that this Resolution shall constitute "some other similar official action" towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on January 23, 2011 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company’s application, and an explanation of the status of the Project.

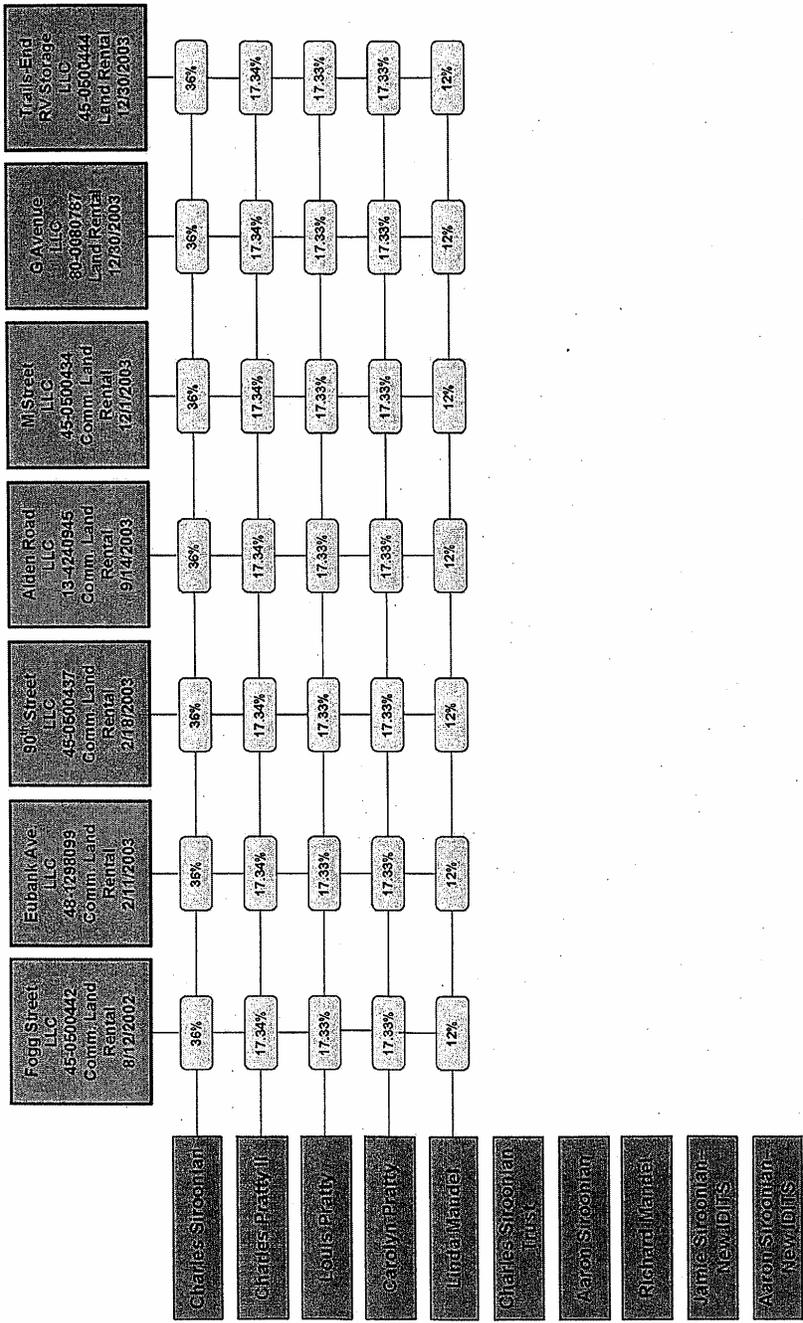
EXHIBIT A

NUMBER: 08-02 (SB)
LOCATION: 14150 Vine St., Cerritos CA 90703
TYPE: Solid Waste Disposal
AMOUNT: Up to \$25,245,000

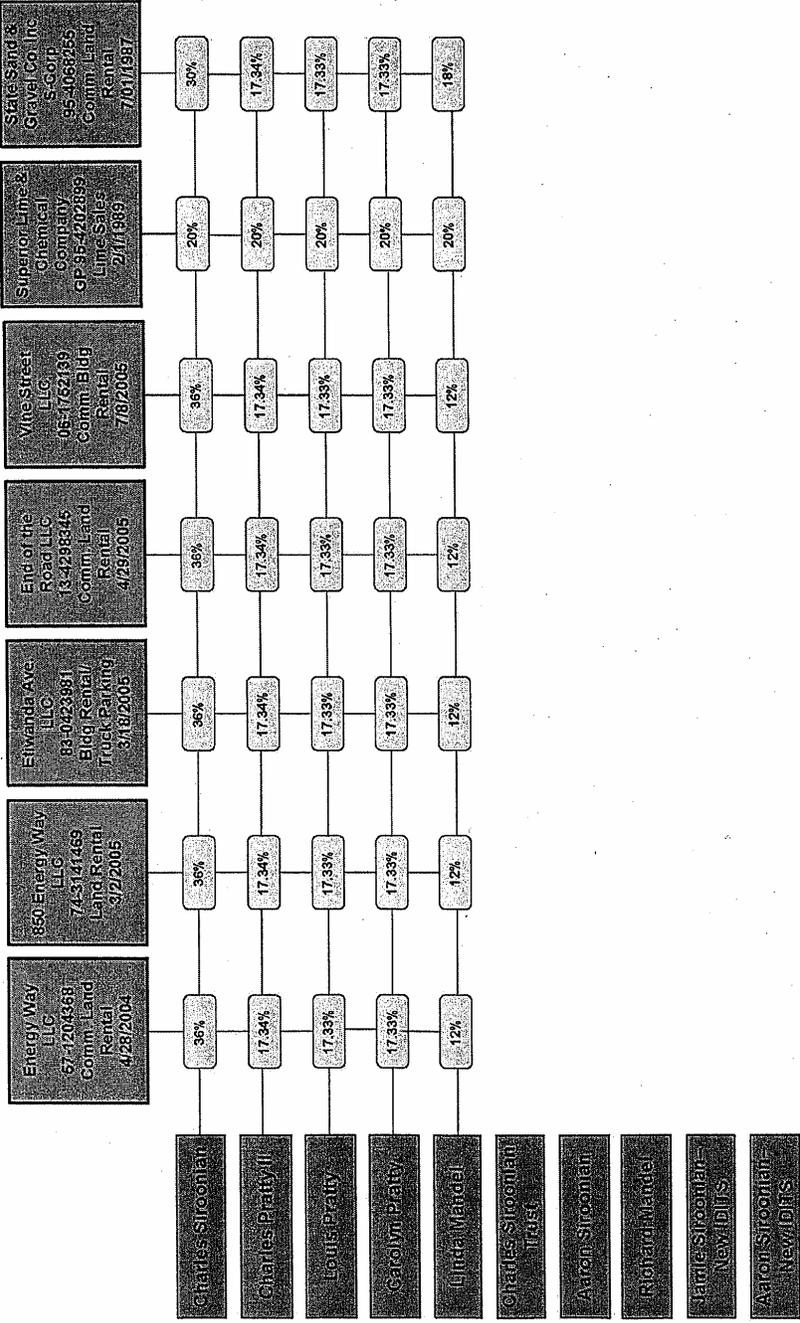
Attachment A



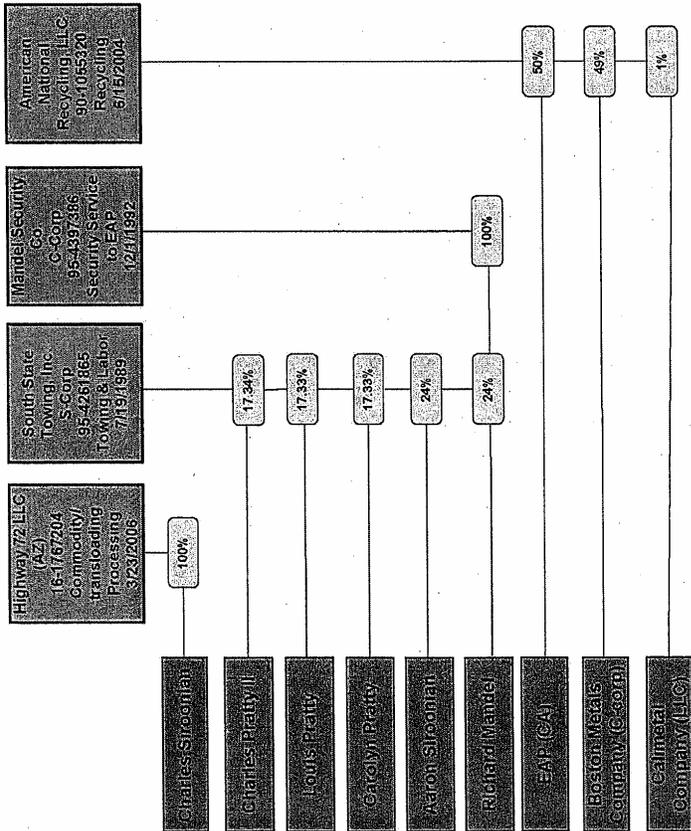
Attachment A



Attachment A

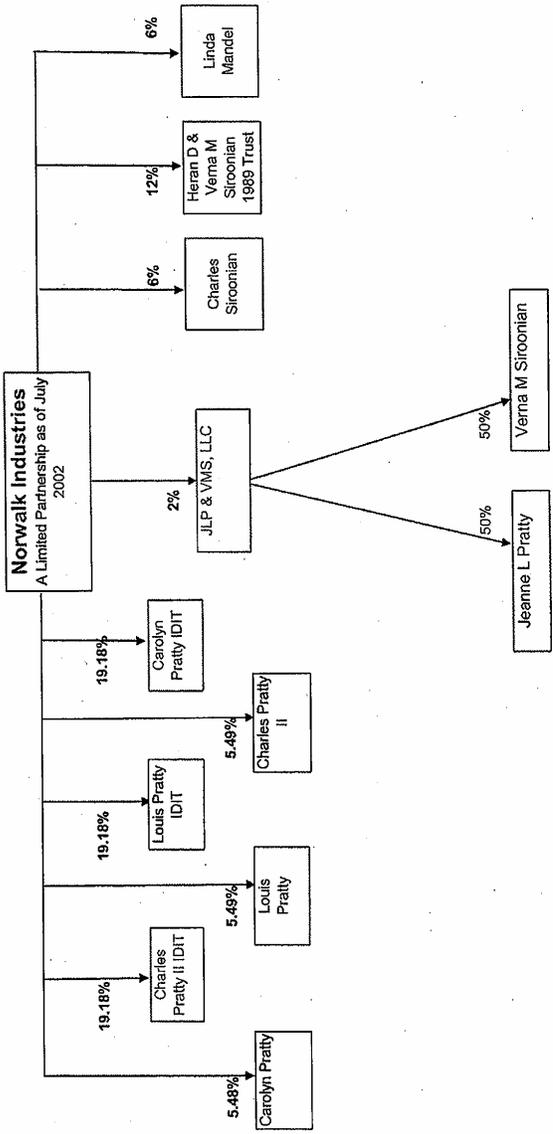


Attachment A



Attachment A

Norwalk Organizational Chart
#N/A



Attachment B

Ecology Auto Parts Vehicle Parking Locations

Anaheim Parking Yard
1021 E. Coronado Street
Anaheim, CA 92806

Lancaster Yard
43927 90th Street East
Lancaster, CA 93535

Arlington Sheet Metal
23332 Cahalco Road
Perris, CA 92570

Long Beach Shop
2701 E. 68th Street
Long Beach, CA 90805

Burrtec West Valley
13373 Napa Street
Fontana, CA 92335

Oceanside Scrap Yard
1030 Airport Road
Oceanside, CA 92054

Chiquita Canyon Landfill
29201 Henry Mayo Drive
Valencia, CA 91355

Pacific Rail Ind.
785 E. M Street
Colton, CA 92324

Chula Vista Yard
825 Energy Way
Chula Vista, CA 91911

Rancho Cucamonga Shop
8613-8639 Etiwanda Avenue
Rancho Cucamonga, CA 91739

Edom Hill Transfer Station
70-100 Edom Hill Road
Cathedral City, CA 92234

San Diego Scrap Yard
981 Heritage Road
San Diego, CA 92154

Falcon Transfer
3031 I Street
Wilmington, CA 90744

Santa Fe Springs Scrap Yard
13780 E. Imperial Hwy.
Santa Fe Springs, CA 90670

Hesperia Yard
11099 G Avenue
Hesperia, CA 92345

WM Management Bradley Landfill
9081 Tujunga Avenue
Sun Valley, CA 91352